



**HUMAN RESOURCES OFFICE
TECHNICIAN / AGR ADMINISTRATIVE INSTRUCTION**

Number: 04-36

18 June 2004

**Maximum Payable Rate (MPR) and
Highest Previous Rate (HPR) Policy**

1. The purpose of this TAAI is to articulate the California National Guard policy and guidelines regarding Maximum Payable Rate and Highest Previous Rate as prescribed by 5 Code of Federal Regulations.

2. General Schedule (GS) Highest Previous Rate/Maximum Payable Rate.

a. Definitions.

(1) Existing Rate of Basic Pay: The rate received immediately before the effective date of a transfer, promotion, demotion, or within-grade increase (5 CFR 531.202).

(2) Highest Previous Rate (HPR): The highest actual rate of basic pay while Federally employed or the actual rate of basic pay for the highest GS grade and step previously held by an individual (5 CFR 531.202).

(3) Maximum Payable Rate (MPR): The highest amount at which an employee's pay may be set when the highest previous rate is considered (5 CFR 531.203(c)).

b. Regulations. Maximum payable rate rules establish the highest amount an agency may pay an employee upon reemployment, transfer, reassignment, promotion, demotion, or change of appointment. The maximum payable rate is based on an employee's highest previously earned rate of pay. The rate must meet certain requirements to be a bona fide highest previous rate. The use of MPR rules is discretionary (5 CFR 531.203(c)). The California National Guard as an agency is allowed to formulate its own policy regarding the application of MPR/HPR rules in setting pay (DoD 1400.25-M, Subchapter 531, Section B.2).

c. GS HPR Requirement.

(1) Highest previous rate is based on a rate earned during a regular tour of duty (full-time or part time, not intermittent), and under an appointment not limited to 90 days or less, or for a continuous period not less than 90 days under one or more appointments (5 CFR 531.203(d)(1)). Previously employed Federal technicians who are re-employed, transferred, promoted, reassigned, demoted or changed in their appointment type may be considered for placement on the pay scale at any rate which is applicable to the position that does not exceed their HPR, or if the HPR falls between two steps of the new grade, they may be considered for the higher step. The rate of pay cannot exceed the maximum step for the grade of the new position.

SUBJECT: TAAI 04-36, dated 18 June 2004

(2) Highest previous rate may not be based on a rate received under a void appointment, on a temporary promotion for less than one year (except on permanent placement at the same or higher grade), by a District of Columbia employee first hired on or after 1 October 1987, during a period of interim relief, as an expert or consultant, or in a position from which the employee was reduced in grade as a result of an unsuccessful supervisory probation period (5 CFR 531.203(d)(2)). Additionally, HPR will not be used after a break in service of ten (10) years or more (salary will be set at step 1 of the grade), for a change to lower grade for cause based on character, conduct, inefficiency or failure to meet a requirement of the position (salary will be set at a rate in the lower grade where, on later promotion, the technician's pay will not be higher than it would have been without the change to lower grade), or for a voluntary request for change to lower grade in response to a merit announcement with promotion potential (salary will be set at a rate in the lower grade where, on later promotion, the technician's pay will not be higher than it would have been without the voluntary change to lower grade). This is commonly referred to as "stair stepping".

d. Moving from FWS to GS Position. The pay setting rules of the gaining pay system are used, i.e. GS HPR rules. Annualize the hourly highest previous rate and compare the annualized rate with the GS pay table current at the time the rate was earned.

e. Effects of Special Salary Rates (SSR). The highest previous rate may not be based on a special salary rate unless the employee is reassigned to a non-special rate or lower special rate position within the Department of Defense, officials document that the employee's contribution will be greater in the new position, and the employee's current rate is a SSR (5 CFR 531.203(d)(2)(vii)).

3. Federal Wage System (FWS) Highest Previous Rate.

a. Definitions.

(1) Existing Scheduled Rate of Pay: The scheduled rate of pay received immediately before the effective date of a transfer, reassignment, promotion, change to lower grade, within-grade increase, or revision of a wage schedule (5 CFR 532.401).

(2) Highest Previously Rate (HPR): The highest scheduled rate of pay previously paid to a person while employed in a job in any branch of the Federal Government, a mixed-ownership corporation, or the District of Columbia government, regardless whether the job was subject to a wage schedule (5 CFR 532.401).

b. Regulation. Agencies may use HPR to set pay when an employee is re-employed, reassigned, transferred, promoted, changed to a lower grade, or converted to a different appointment in the same job. Use of HPR rules is discretionary. The HPR is based on an employee's highest previously earned rate of pay. However, the rate must meet certain requirements to be a bona fide HPR (5 CFR 532.405).


SUBJECT: TAAI 04-36, dated 18 June 2004

c. FWS HPR Requirements. The highest previous rate is based on a rate earned on a regular tour of duty (full-time or part time, not intermittent), and under an appointment not limited to 90 days or less, or for a continuous period of not less than 90 days under one (1) or more appointments, and on a temporary promotion exceeding one (1) year, unless permanently placed in a position at the same or higher grade (5 CFR 532.401, 5 CFR 532.405 (d)). The highest previous rate may not be based on a rate earned as an expert or consultant, a special salary rate under 5 USC 5305, or appointments made above the minimum rate (e.g. special qualifications appointments, amended schedules, special schedules, and special rates) (OPM FWS Operating Manual, S8-3e). Additionally, HPR will not be used after a break in service of ten (10) years or more (salary will be set at step 1 of the grade), for a change to lower grade for cause based on character, conduct, inefficiency or failure to meet a requirement of the position (salary will be set at a rate in the lower grade where, on later promotion, the technician's pay will not be higher than it would have been without the change to lower grade), or for a voluntary request for change to lower grade in response to a merit announcement with promotion potential (salary will be set at a rate in the lower grade where, on later promotion, the technician's pay will not be higher than it would have been without the voluntary change to lower grade). This is also referred to as "stair stepping".

d. Moving from GS to FWS Position. The pay setting rules of the gaining pay system are used, i.e., the FWS HPR rules. When an employee's HPR is earned under the GS pay system or under another pay system, the HPR is the current rate for the same grade and step rate of that schedule.

4. This policy is based on various regulations published by the Office of Personnel Management and the Department of Defense. If any part of the policy stated above is discovered to conflict with law, rule, or regulation then the appropriate law, rule or higher headquarters regulation will be used.

5. Direct questions concerning this TAAI to CMSgt Michael Hunt at DSN 466-3354 or (916) 854-3354; or TSgt Kenneth Cosgrove at DSN 466-3598 or (916) 854-3598.


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